

FISCAL IMPACT STATEMENT ON BILL NO. **S. 101**

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TO:	The Honorable Hugh Leatherman, Chairman, Senate Finance Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Tricia Tangney		
DATE:	March 11, 2005	SBD:	2005282

AUTHOR:	Senator Richardson	PRIMARY CODE CITE:	12-28-410
SUBJECT:	Petroleum Franchise Fee		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

This Bill imposes a petroleum franchise fee on all suppliers of motor fuels sold and delivered within the State and provides for the use of those fees by the Department of Transportation, and authorizes the issue of highway revenue bonds.

EXPLANATION OF IMPACT:

The Department of Revenue reports that implementation of this Bill will have a first year cost of approximately \$719,952 to the General Fund of the State, and \$165,314 thereafter. The imposition of petroleum franchise fees as described in Section 12-28-410 would require \$54,639 in non-recurring funds for software modifications to an existing computer system that allows motor fuel suppliers to remit their taxes electronically, and \$500,000 to develop a new computer system to process those transactions. The Department would also need to hire one Tax Examiner and one Field Auditor to implement the provisions of this Bill, for an annual cost of \$114,499 in personal service and employer contributions. Annual other operating costs to support these positions would be approximately \$50,815, including \$14,301 in travel costs for the Field Auditor.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

The Board of Economic Advisors is the appropriate agency to address the potential revenue impact of this Bill.

Approved by:



Don Addy
Assistant Director, Office of State Budget